A 'vintage year' for Australia's wealthy

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The gap between the wealthy few and the vast majority of society in Australia widened further over the past 12 months. According to the annual Rich 200 list compiled by *Business Review Weekly*, the assets of the very rich jumped by $7.2 billion to $74.7 billion, or 17.5 percent.

The magazine celebrated the fact that, so far at least, most of the top 200 have escaped the fallout from the Asian financial and political crisis. Under the headline 'Up, up and away,' *BRW* declared: 'It's been a vintage year for the wealthy, so rewarding in fact that the big winners, barely able to believe their luck, are beginning to think it's all just too good to last.'

Despite the collapse of the speculative corporate takeover and property boom of the late 1980s, the top 200 have now increased their wealth nearly sevenfold from 1984, when they were worth $7.3 billion. Australia's richest individual, Kerry Packer, now holds almost that much himself--he is currently valued at $5.2 billion.

Most of the increase came under the 13 years of Labor Party government from 1983 to 1996, by which time the total had reached some $37 billion. The Howard Liberal government has only extended the series of 'vintage years' provided by the regimes headed by Bob Hawke and Paul Keating.

Over approximately the same period, the proportion of people officially acknowledged to be living in or near an 'austere' poverty line, has risen from around 20 percent to more than 30 percent. While almost one-third of the population--six million people, including two million children--are living in deprivation, the wealthy are living in the lap of luxury.

BRW provides the following picture: 'Property developer Lang Walker has a ski lodge in Aspen, Colorado, and a 36-metre cruiser at his private jetty. Trucking magnate Lindsay Fox owns a $20-million car collection and homes on Toorak, Portsea, Mount Macedon, Hamilton Island and Hawaii. And hotelier Bruce Mathieson drives a Ferrari Testarossa and wears so much gold jewellry his nickname is Mr Bonjangles.'

Packer's rising fortune illustrates the immensity of the gulf now dividing the wealthiest from the working class. Over the year, his worth climbed by $1.3 billion to $5.2 billion. In effect, he made $3.56 million a day. On average he made more per minute--$2,473--than most workers cleared in a month, let alone the pittance paid to pensioners, students and the unemployed.

Twenty years ago no billionaires resided in Australia. Packer now heads a table of four billionaires (the others are Westfield shopping centre tycoon Frank Lowy, paper and packaging empire owner Richard Pratt, and investor David Hains). A fifth, Rupert Murdoch, valued at $US3.5 billion, is no longer counted on the grounds of his American citizenship. Below the billionaires are another 18 individuals worth $400 million and more.

One graphic measure of the fortune ($60 million) that one requires to qualify for the 200 Club is that none of the country's highest paid corporate chief executives come near to entering the elite circle. The top 20 CEOs take home more than $1 million a year in salaries, invariably boosted further by stock options and other incentive payments, but even the man sitting on top of that tree--Westpac CEO Bob Joss--is worth just $39 million. Former BHP chief John Prescott is a pauper by comparison, valued at a mere $7 million on the day he resigned.

One of the more obscene features of the rich list is the number of multi-millionaires who profit directly from the shortage and expense of essential social facilities such as decent housing, health care and aged care. Among the wealthiest individuals is Harry Triguboff, ($950 million) the owner of Meriton Apartments, a property developer specialising in apartment buildings. Not too far down the list are Paul Ramsay ($350 million) and Doug Moran ($265 million), the owners of large private hospital and nursing home chains. On the next rung down is Paul O'Shea ($75 million), whose family business TriCare operates aged care and retirement homes.

This thin layer of the super rich is supplemented by an estimated 100,000 millionaires. Together, the richest 10 percent of families now have 44 percent of the wealth. Beneath this privileged strata lies another Australia, one of worsening poverty.

More than 750,000 people are officially unemployed. Public housing waiting lists have blown out to an estimated 250,000 because funding has been halved in a decade. Almost 150,000 people used homeless services last financial year. More than 40 percent of all children are living in families receiving welfare or classified as 'working poor'.

It is only the upper echelons of society who enjoy the 'safety, security and stability' that the Howard government has seemingly adopted as its slogan for the coming federal elections. Millions of working class families are living in constant economic insecurity. The number of casual full-time workers with no job security, or even basic entitlements such as annual holidays, has increased tenfold in the 1990s, for example, rising from 14,000 in 1991 to 148,000 in 1997 in the state of New South Wales alone.

Nonetheless, even the staggering statistics of wealth accumulation reveal a number of underlying shifts that point to the likelihood of future financial crashes that will create an even greater social disaster.

Many of the expanded fortunes are tied to the soaring US share market and the apparent economic boom that it is fuelling. Of the *BRW* 's richest top 10, half have sizeable stakes in the United States. (Not counting Murdoch, the most heavily committed of all to the US market.) More generally, the key source of wealth is no longer property development (down from 30 to 23 percent) but stock exchange-related acquisitions.

As the Asian meltdown deepens and extends into its 'second' and 'third' waves of economic and financial breakdown, spreading from Thailand and Indonesia to South Korea, Japan and beyond, many of the Australian elite could go the same way as the Asian tycoons, who, as the magazine notes with some trepidation, have had $US774 billion wiped off the valuation of their publicly-traded companies in the nine months to April.

See Also:

How the rich prospered from the Telstra sale
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